

CHAIRMAN OF THE AUDIT COMMITTEE'S REPORT TO COUNCIL - COUNCILLOR PAUL GALLEY

Overview

I am pleased to provide this report to the Council on the work of the Audit Committee, over the last Municipal Year.

The Audit Committee is a key component of Blackpool Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

Since the formation of the new Audit Committee in May 2015, the Committee has continued to provide an increasing level of challenge to Senior Officers at the Council. This report summarises the work that has been undertaken by the Committee over the course of the 2017/2018 Municipal Year. It also demonstrates how the Committee has developed through training as it aims to become more effective and focussed, as well as highlighting some key aspects of the Committee's future development.

A key concern of the Audit Committee is to support the Audit Team in the carrying out of their work to deliver the audit plan for the Council. The committee does this by reviewing the Risk Services Quarterly Reports and reviewing strategic risk items to establish that adequate action is being taken to mitigate risks to an appropriate level for the Council and the delivery of services. The Committee also has a key role in considering the internal audit work programme and the risk management framework adopted by the Council.

Two examples of the committee in action in fulfilling that role are:

a): A number of concerns relating to Children's Services were identified by internal audit. As a result Mrs Diane Booth was invited to assure the Committee on progress that was being made in implementing high risk recommendations in the following four areas of Children's Services:

- External Placements
- Placement Order Legal Costs
- Adolescent Hub
- Safeguarding Children's Compliance

b) The Audit Committee, when reviewing the Audited Statement of Accounts, identified concerns about maintenance of the Council estate and ongoing attention to protect the estate against budgetary pressures.

Work Undertaken

Strategic Risk Register

The Committee has continued to focus upon the Strategic Risk Register and requested regular attendance from risk owners in order to provide challenge on the work undertaken to mitigate risk.

To date the following strategic risks have been considered:

- Sustainability of the Council
- Inability to respond to a major incident
- Failure to keep people safe
- Lack of resilience
- Local economy
- Reputational damage

Due to the level of questioning about risks and the detail required by the Committee, the Head of Audit and Risk is looking to refresh the way in which the Strategic Risk Register is presented for 2018/2019 to provide a more comprehensive picture for consideration.

Annual Governance Statement

The Committee considered and approved the Annual Governance Statement for 2016/ 2017 in June 2017 and noted that a Good Governance Group had been established in October 2016, which had led on the review of effectiveness and the production of the Annual Governance Statement.

Members raised questions in relation to the Whistleblowing Policy and the Performance Management Framework and agreed to undertake a mid-year review of progress against the actions outlined in the Annual Governance Statement. The mid-year review was considered in January 2018 and noted that despite some actions remaining partially implemented the Council would be fully compliant with regulations.

Risk Services

Members of the Committee have reviewed reporting on Risk Services on a quarterly basis and have requested Chief Officer attendance, as appropriate, to provide assurance of adequate progress. The Committee has provided a specific challenge on a number of matters including anti-fraud work, service business continuity plans, as well as specific internal audit reports on matters such as the proposed museum and a series of internal audit reviews of Children's Services including payments made.

In addition, the Committee considered information relating to fire safety activity following the Grenfell Tower disaster and the internal audit report about the Business Loan Fund.

External Auditors

The Audit Committee has received a number of reports from the External Auditor:

- External Auditor's Report to those charged with Governance
- Statement of Accounts 2016/ 2017
- Annual Audit Letter 2016/ 2017
- The Certification of Grants and Returns 2016/ 2017

Other work and key achievements:

- Annual Audit Opinion 2016/ 2017 - provided Members with details of individual and collective audit reviews undertaken in the year ended 31 March 2017. The report also provided the Head of Audit and Risks Annual Opinion on the Council's control environment.
- Audit Committee Self-Evaluation – the self-evaluation is undertaken each year and the Committee considers the feedback in order to develop the Audit Training Programme and improve the quality of challenge made.
- The Committee approved the Quality Assurance and Improvement Programme for the internal audit service for 2017/ 2018, Internal Audit Strategic plan 2018/ 2021, Risk Management Framework and the Business Continuity Framework.
- Regulation of Investigatory Powers Act – the Committee received and approved the revised policy.
- Appointment of the first independent member of the Audit Committee.
- Through training, more participation of the Elected Members in meetings resulting in a greater level of appropriate challenge which was reflected in the surveys returned by senior officers of the Council.

Training and Development

Committee Members have been committed to their own development continue to attend training events on a regular basis. The training sessions identified covered areas based upon the CIPFA Guidance for Audit Committees and in which Members felt there was a requirement for improved skills and knowledge. As requested by the Committee, the below listed training sessions have been held over the past year:

- Audit Committee Terms of Reference (June 2017)
- Reviewing the Statement of Accounts (September 2017)
- Fraud Awareness (November 2017)
- Cyber Risk (to be held March 2018)
- Data Protection / Breaches (to be held May 2018)

Future Work Programme

The Committee will continue to receive and review key information including the Annual Governance Statement and the Risk Services Quarterly Report and when appropriate, invite Chief Officers to attend to provide explanations where inadequate assurance has been provided or where key controls have not been implemented.

The Strategic Risk Register will be reviewed and the information within it improved and Chief Officers will continue to be required to update the Committee with regards to the controls that are being implemented in order to manage the Council's risks.

Other goals for the 2018/ 2019 year include:

- To continue work on identifying whistleblowing training for Elected Members and ongoing training in the strategic risk register and its evolution.
- Refer more things to scrutiny where appropriate.
- More contact with Departmental Managers as well as Directors when considering services.
- Continuing to develop the Committee in order to achieve a unified approach to challenge.

Members, I am pleased to present this report to Council and will be happy to answer any questions.